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Chilton's

AUTOMOTIVE MARKETING

The Marketing/Business Magazine For The Retail Aftermarket

MAY 1988

RETAIL SALES TRAINING

What you need to know about automotive systems and the products on your shelves

INCLUDES:

Best Selling Tips

Glossaries

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FEATURES

RETAIL SALES TRAINING 19

Everybody in your store can use more training, even you. Training builds better employees and builds better bottom lines. In this special section, we look at basic automotive systems and the products that serve them. We give you questions, answers, a glossary of terms, and selling tips.

Batteries	20
Battery Chargers	22
Brakes	24
Car Sound	26
Car Washing Equipment	28
Chemicals	30
Cleaners	32
Cooling System Parts	36
Electronic Accessories	38
Filters	40
Floor Mats	42
Fuel Pumps	44
Ignition	46
Motor Oil	48
Remanufactured Parts	50
Ride Control	52
Window Film	54
Wiper Blades	56
Lighting	58

DEPARTMENTS

Detailing The Market	4
Editorial	8
The *Automotive Marketing* Index	11
Market Line	12
Employees & The Human Factor	59
Products	60
Rep Guide	63
Ad Index	66
Reader Service Card	67

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The photos and other art used in the Retail Sales Training sections of this issue were supplied by Chrysler Corp.

PUBLISHER'S NOTES

PEOPLE COUNT

Mike Manor, Chief Auto Parts Inc.'s president, got to the crux of the matter at Chief's recent national sales meeting when he pointed out that all businesses are in the "consumer business," no matter what products or services we sell.

At *Automotive Marketing*, we agree with that totally. And that's why we're devoting this issue to training: If the store employees don't know what to sell, and how to sell, they can't help the customers. And customers who aren't properly helped are not repeat customers.

Customers tell you twice. They gripe when very unhappy, and praise when very pleased. But what about all the other customers, and how they feel? See our Employees & The Human Factor piece.

Our Supply Side column interview with Stuart Landow begins what promises to be exceptionally interesting coverage of the effect on the manufacturers rep segment from the consolidation of the retail automotive chains. Check out the other industry highlights in our quick-read *Detailing The Market* section, too.

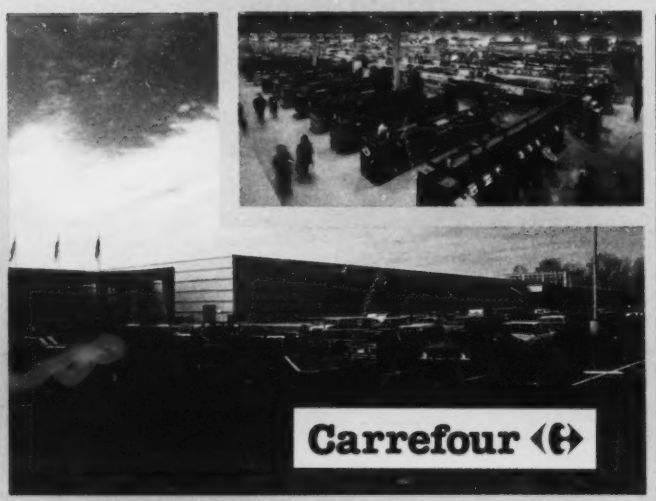
There's lots to read, and lots for you to share with all your retail sales people. Let us know how well you like the issue. ■

Sarah Frantzen, Publisher

DETAILING THE MARKET

IN-STORE FOCUS

CARREFOUR U.S.A.
Headquarters: Knights and Woodhaven Rds., Philadelphia, PA 19154, (215) 632-8100
Stores: One in U.S.; 115 operating as Carrefour in Europe and South America
Total Chain Sales: $9 billion worldwide; Philadelphia outlet new
Average SKUs: 50,000
Founded: 1965; Carrefour U.S.A. opened early 1988



A few months ago, a French-owned "hypermarket" opened its doors in the greater Philadelphia area, boasting a massive product line ranging from bread to baby shoes, melons to motor oil.

Carrefour U.S.A. is the American division of a $9 billion international firm which says it created the hypermarket style of shopping.

Just what is that style? Some 330,000 sq. ft. of space, 160,000 of which is retail area with 15 tenant stores, ranging from a travel agency to a dry cleaner to a sub-post office to restaurants. Shopping carts. Hours for every day of the week; 9 am-10 pm Monday through Saturday; 9 am-6 pm on Sundays. Unusually wide aisles; high ceilings; and an ambiance which is half warehouse, half comfortable department store.

Unlike some warehouse outlets, service is available; clerks are trained to service specific sections, and there are clerks in every aisle to answer questions.

The feel of the store, however, is similar to warehouse retailing. There's the same no-frills appearance (although neater and more pleasant to shop); the same spacious feeling. But Carrefour U.S.A has two to three times more floor space, and considerably more product. Carrefour U.S.A. is almost a mini-city, providing a one-stop place to take care of all errands.

Automotive products are part of the product mix. The auto department itself offers some 1,500 SKUs, leaning heavily at this time on chemicals and oil. The store carries two brands of oil (Mobil and Quaker) at competitive prices. At last check, Mobil 1 synthetic was priced at $2.69 a quart. There's a full line of chemicals and waxes, including accessories such as long-handled car wash brushes. This is what moves, and moves well, according to Lou Grieco, merchandise manager for hardlines and consumer electronics. "We've already reordered all the washes and waxes," he said. "Other best-sellers include, in addition to the oil, basics such as windshield washer fluid and dry gas," Grieco said.

The department also carries floor mats, seat covers and other decorative basics, and is just beginning to branch out into truck accessories.

"Other than halogen lights and mirrors, we haven't had a 'truck equipment' section," Grieco said. "We're now branching out into the 'dressup' truck area with items such as bed liners and truck mats." These additions are based on customer need, said Grieco. "We planned it this way," he said. "We're watching to see what the customers want. We would rather add items than take them away."

Carrefour U.S.A. has five service bays devoted exclusively to tire and battery installation. When you purchase your tires at Carrefour, you pay $4 per tire for high-speed balancing. Installation for tires and batteries is free. The bays are not intended for other service.

This type of auto department is appealing to the impulse shopper and the Sunday DIYer. A "minor" Do-It-Yourselfer, in Grieco's words, is going to find a fairly substantial line of basics, which includes a "tune-up program" in which Carrefour sells all the parts; and a full filter program as well. Items such as tools and car stereos, merchandised in other parts of the store, are not counted as part of the 1,500 basic auto SKUs

It's too soon to tell how much impact Carrefour U.S.A. will have on local auto aftermarket retailers. Grieco believes that the major competition will be K marts and similar types of stores. Large chains such as Pep Boys, which is based in this area, will probably not feel a pinch because their product offering is much broader.

As for expansion into other areas of the country, progress is slow at this point. In Long Island, wrangling over traffic problems has delayed another Carrefour store. According to a spokesman, the U.S. chain will grow based on the success of the Philadelphia outlet.

DETAIL

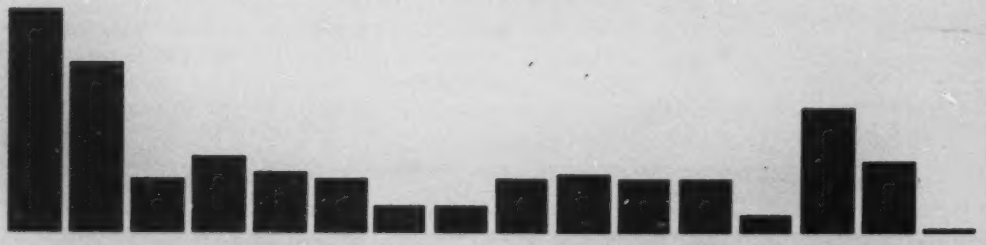
43%

of American adults consider pleasure driving their primary recreational activity, according to a recent survey for the President's Commission on the American outdoors.

PROFILE: DIYers WHO SHOPPED 11-15 TIMES LAST YEAR FOR AUTO SUPPLIES

Drawing from the 1988 *Automotive Marketing Consumer Automotive Repair Study,* we look at DIYers who shop between 11 and 15 times a year--about once a month--for automotive supplies.

			Age					Income				Hours Per Month Spent On DIY			
Total	Male	Female	-25	25-34	35-44	45-54	55 +	-$20K	$20-30K	$30-40K	+40K	-1 Hrs	1-5 Hrs	6-10 Hrs	11 + Hrs
100.0%	75.5%	24.4%	33.6%	27.0%	18.8%	9.8%	10.7%	22.6%	25.6%	21.5%	22.7%	8.1%	56.4%	32.1%	2.1%



THE AUTOMOTIVE MARKETING INDEX

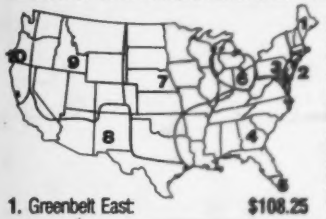
THE 1988 *AUTOMOTIVE MARKETING* MARKETBASKET

To determine the price movement, *Automotive Marketing* created a "marketbasket" of the best prices available for nine popular aftermarket products. We determine the best available price of each item in each marketing area each month to come up with an average marketbasket index.The products include a non-resistor spark plug; an oil filter; a can of 10W30 motor oil; a can of paste wax; an AM/FM/Cassette radio; a gas-charged shock absorber; a gallon of antifreeze/coolant; a pair of windshield wiper refills; and a 40-month-warranty battery. These products are usually on sale somewhere within each marketing area, which we define by their unique geographic, meteorological, and consumer characteristics.

FEBRUARY 1988 NATIONAL AVERAGE MARKETBASKET PRICES

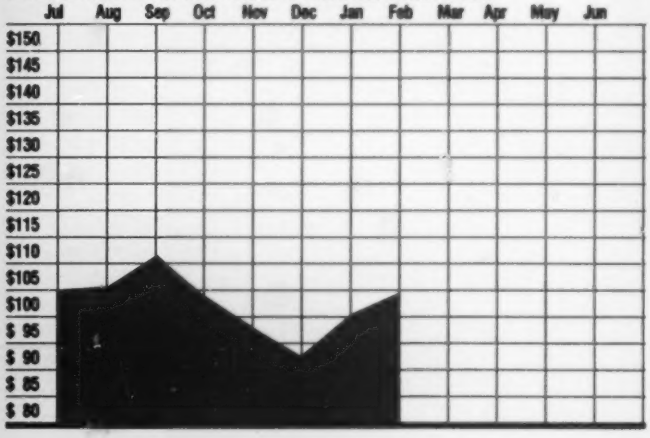
A non-resistor spark plug:	$ .78	A gas-charged shock:	$ 11.57
An oil filter:	1.69	One gallon of antifreeze:	4.10
A can of 10W30 oil:	.69	One pair of wiper refills:	2.17
A can of paste wax:	3.32	A 40-month battery:	29.49
An AM/FM/Cassette:	49.95	Total:	$104.03

FEBRUARY 1988 AM MARKETBASKET PRICES BY MARKETING AREA



		3. Smokestack East:	$102.29
		4. Old South:	98.92
		5. Caribbean South:	107.55
		6. Smokestack Central:	103.82
		7. Grainbelt Central:	105.44
		8. Spanish West:	116.43
1. Greenbelt East:	$108.25	9. Desert West:	87.15
2. Megapolis East:	103.43	10. Greenbelt West:	87.15

NATIONAL AVERAGE MONTHLY 1987/88 AFTERMARKET BASKET PRICES



AFTERMARKET BUSINESS INDICATORS

	Unit/Base	Mo/Qtr	Current Period	Prior Period	Year Ago, Same Period	Low (84-88)	High (84-88)
Consumer Price Index	(67=100)	Dec	345.7	345.8	331.1	May 81 89.3	Nov 87 345.8
Prime Rate	%	Mar 21	9.50	8.50	7.50	—	—
Personal Income	Billion $	Nov	3,833.7	3,810.6	3,577.5	Jan 81 403.6	Oct 87 3,850.6

1988 AFTERMARKET STOCK PRICES

The figures below are the high and low prices offered and paid for various aftermarket-related common stocks in various exchanges for the 52 week period prior to April 12.

	Exchange	52-week High	52-week Low	4/12 Quote	P-E Ratio
Armor All	OTC	27 1/4	10 3/4	20 1/4	23
AutoSpa	OTC	6 1/2	7/8	15/16	—
Champ Parts	OTC	12 3/8	4	6 3/8	21
Champ Spk Plg	NYSE	16 3/8	7 1/8	12 3/8	25
Chevron	NYSE	64 1/8	32	50 3/4	17
Dana Corp.	NYSE	54 1/4	27 1/2	38 1/8	12
Deralco	OTC	14 1/4	7 1/2	13 3/8	14
Echlin	NYSE	22 1/4	10 3/4	16 3/8	19
Facet	NYSE	30	10 1/2	29 1/4	—
Genuine Parts	NYSE	44 3/8	27 1/4	39 3/4	21
Grand Auto	AMEX	23 3/8	7 3/8	15	—
Modine	OTC	22 3/4	11 3/4	18 1/4	12
Mr. Gasket	OTC	7 3/4	5	5 3/4	73
PACCAR	OTC	78 1/4	43 1/2	77	12
Prlr Hawdn	NYSE	49	24 1/2	36 3/8	18
Pennzoil	NYSE	88	38 1/2	78 3/8	114
Pep Boys	NYSE	18 7/8	9 1/2	12 5/8	20
Quaker State	NYSE	29	12 7/8	25 1/2	—
Rite Aid	NYSE	46 1/4	28 1/2	40 5/8	18
Sealed Power	NYSE	39 5/8	21 3/4	34	16
Sears	NYSE	59 1/2	29 3/4	36 1/2	8
Stan Mtr Prod	NYSE	22	11 1/8	15 1/2	13
Superior Ind	AMEX	19 3/8	9	15 5/8	10
TBC Corp.	OTC	14 1/8	3 3/4	14 1/8	12
TRW	NYSE	70	37	48 1/8	12
Tenneco	NYSE	62 1/2	36 1/8	45 3/4	—
Trak Auto	OTC	19	7	12 1/4	20
Triad Systems	OTC	14 3/4	7 1/2	11 3/8	15
Western Auto	OTC	18 7/8	5 3/4	18 7/8	23
Wilco	NYSE	45 1/4	26 5/8	36 1/4	13
Wynns	NYSE	30 3/8	14 1/2	20 3/4	44

DOW JONES 65 COMPOSITE STOCKS

Dow Jones 65 composite stock and *AM's* 17 aftermarket stock price as of April 12.

AM 17 COMPOSITE AFTERMARKET STOCKS

PRODUCT OF THE MONTH: BATTERIES

Drawing from the 1988 *Automotive Marketing Consumer Automotive Repair Study*, we look at the individuals who purchased and installed a battery during a 12-month period.

			Age					Income				Hours Per Month Spent On DIY			Number Of Cars Responsible For		
Total	Male	Female	-25	25-34	35-44	45-54	55+	-$20K	$20-30K	$30-40K	40K	-1 hr	1-5 Hrs	6-10 Hrs	11+ Hrs	1	2	3 or More
100.0%	88.2%	11.8%	15.8%	34.6%	17.7%	18.6%	12.5%	21.9%	18.2%	28.7%	24.4%	8.0%	61.2%	19.3%	10.1%	29.1%	39.0%	30.8%